

## Message Text

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FM SECSTATE WASHDC  
TO AMEMBASSY QUITO

LIMITED OFFICIAL USE STATE 023977

FOLLOWING REPEAT STATE 23977 SENT ACTION LAPAZ FEB 3:

QUOTE LIMITED OFFICIAL USE STATE 023977

FOLLOWING SENT ACTION SECSTATE, INFO BUENOS AIRES, JAN 24,  
FROM LIMA RPTD TO YOU:

QUOTE LIMITED OFFICIAL USE LIMA 0643

E.O. 11652: N/A  
TAGS: EAIR, PE  
SUBJECT: CIVAIR - AEROPERU AND PRESS ATTACK US CIVAIR POSITION,  
AS GOVERNMENT-TO-GOVERNMENT TALKS CONTINUE

REF: LIMA 621

1. SUMMARY - AEROPERU ISSUED PRESS STATEMENT DATED JANUARY 22,  
WHICH CARRIED BY PRESS ON JANUARY 23, ATTACKING BRANIFF'S  
POSITION IN CURRENT CIVAIR NEGOTIATIONS AND CONTRASTING THAT POSITION  
WITH USG EFFORTS REDUCE FREQUENCIES OF CERTAIN EUROPEAN  
TRANS-ATLANTIC CARRIERS. STATEMENT WAS ACCCOMPANIED BY HEAVY  
PRESS COVERAGE UNDER SUCH HEADLINES AS "BRANIFF THREATENS PERU  
AND SUSPENDS ALL ITS FLIGHTS" (GOP-OWNED "LA CRONICA"). SUB-  
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SEQUENTLY, PRESS INTERVIEWED AIR MINISTER GILARDI, WHOSE REMARKS  
WERE ONLY SLIGHTLY LESS CRITICAL. IN RESPONSE EMBASSY  
ISSUED PRESS RELEASE TO BALANCE THE RECORD. GOVERNMENT-  
TO-GOVERNMENT TALKS ARE SCHEDULED TO RESUME TODAY, AND  
GOP APPARENTLY IS SENDING DELEGATION TO WASHINGTON FOR  
CONTINUED TALKS THERE NEXT WEEK. END SUMMARY.

2. UNDER LARGE HEADLINES, LIMA PRESS JANUARY 23 PRINTED AEROPERU PRESS RELEASE DEFENDING GOP POSITION IN CURRENT CIVAIR NEGOTIATIONS AND ATTACKING BRANIFF. STATEMENT SAID THAT EVER SINCE FORMATION OF AEROPERU, GOP HAS BEEN REVIS-ING CIVAIR TRANSPORT PERMITS WITH FOREIGN AIRLINES WITH VIEW TO PROTECTING AEROPERU'S SHCRE OF "NATURAL RESOURCE" REPRESENTED BY VOLUME OF PASSENGER TRAFFIC WHICH PERU GEN-ERATES. GOP SEEKS EQUILIBRIUM BASED ON FORTY PERCENT FOR AEROPERU, FORTY PER CENT FOR FOREIGN CARRIER AND 3RD AND 4TH FREEDOM TRAFFIC, AND TWENTY PERCENT FOR FIFTH FREEDOM TRAF-FIC TRANSPORTED BY THIRD COUNTRY CARRIERS.

STATEMENT THEN SELECTIVELY CONTRASTED GENERAL EQUILIBRIUM BETWEEN AEROPERU AND A NUMBER OF FOREIGN CARRIERS WITH "ER" BRANIFF VERSUS "7" AEROPERU FLIGHTS BETWEEN US AND PERU.

FOREIGN CARRIERS, CONTINUED STATEMENT, HAVE IN GENERAL ACCEPTED GOP POSITION WHILE BRANIFF REMAINS DEFIANT;

BRANIFF'S POSITION IS RENDERED EVEN MORE UNJUST WHEN CONTRASTED AGAINST RESTRICTIONS US SEEKS TO IMPOSE ON KLM, SAS AND SWISSAIR IN TRANS-ATLANTIC SERVICE.

3. AEROPERU STATEMENT CONTINUES THAT CONVERSATIONS BETWEEN AEROPERU AND BRANIFF "HAVE TERMINATED WITHOUT ANY AGREE-MENT," BRANIFF BEGAN AND ENDED THE TALKS BY STATING THAT IT WOULD INTERRUPT SERVICE TO PERU AND MOREOVER WOULD ASK USG TO SUSPEND AEROPERU SERVICE TO THE US. (NOTE: BRANIFF STATEMENTS IN FACT ONLY NOTED THAT CONTINUED IMPASSE COULD LEAD TO SUSPENSION OF SERVICE.) CITING US PRESS REPORTS, STATEMENT SAID IT IS NOT TURE THAT BRANIFF ACCEPTANCE OF REDUCTION OF FREQUENCIES WOULD LEAD TO "A DANGEROUS PRECEDENT FOR COMMERCIAL AVIATON IN THE REST OF LATIN AMERICA" SINCE IN FACT BRANIFF ALREADY HAS ROUGH PARITY WITH OTHER LA FLAG CARRIERS. STATEMENT ADDED THAT IT IS ALSO UNTRUE THAT BRANIFF HAS TO PAY TWENTY PERCENT, BUT THEN WENT ON TO SAY THAT OTHER CARRIERS HAVE ACCEPTED COM-LIMITED OFFICIAL USE

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PENSATION FORMULA, WHILE BRANIFF HAS REFUSED TO DO SO ON "32 OF THE 34 FREQUENCIES IT OPERATES." STATEMENT CON-CLUDED "BRANIFF'S THREAT TO SUSPEND SERVICES AS OF FEBRUARY 1 IS UNACCEPTABLE. WE CANNOT BELIEVE THAT USG WILL CARRY OUT BRANIFF'S THREAT AND SUSPEND AEROPERU'S FLIGHTS TO US SOLELY BECAUSE THAT AIRLINE, BY ITS OWN DECISION, MAY WITHDRAW FROM PERU, SINCE OTHER AIRLINES OF SAID COUNTRY MAY WISH TO OPERATE THE FREQUENCIES BRANIFF OFFERS. BUT EVEN IN SUCH AN INSTANCE, WHICH WOULD CONSTITUTE AN UNSEPAKABLE AFFRONT TO PERU, THE TRANSPORT OF PASSENGERS BETWEEN PERU AND US WOULD BE REASONABLY ATTENDED BY THE OTHER AIRLINES THAT OPERATE BETWEEN THE TWO COUNTRIES."

4. STATEMENT RECEIVED HEAVY PLAY JANUARY 23 IN GOP-CONTROLLED PRESS. GOP-OWNED "LA CRONICA" HEADLINED "BRANIFF THREATENS PERU AND SUSPENDS ALL SERVICES - ASKS USG TO CANCEL AERO PERU PERMIT." INSIDE PAGES GAVE HEAVY COVERAGE TO GOP POLICY OF CIVIL AIR PARITY, CONVEYING IMPRESSION THAT IT IS INTERNATIONAL NORM WHICH BRANIFF AND USG SEEK TO FLOUT. "LA CRONICA" ALSO PRIMED REASONABLY ACCURATE CHRONOLOGY OF NEGOTIATIONS, CITING POSITIONS OF TWO AIRLINES, ALTHOUGH AT ONE POINT IT STATED BRANIFF'S PROPOSAL AS SEEKING INCREASE OF FROM 34 TO 42 FREQUENCIES AND PROPOSING SHARED CAPACITY FORMULA "WHICH WOULD RELEGATE AEROPERU TO POSITION OF UNACCEPTABLE DEPENDENCY." (NOTE: IN FACT, AEROPERU COUNTER-PROPOSAL ACCEPTED SHARED CAPACITY CONCEPT SO WHOLEHEARTEDLY THAT ITS VERSION OF IT WOULD HAVE CONSTITUTED POOLING ARRANGEMENT UNACCEPTABLE UNDER US LAW.) COVERAGE IN REST OF PRESS WAS LESS EXTENSIVE, BUT UNDER HEADLINES SUCH AS "AEROPERU REJECTS BRANIFF THREAT" ("EXPRESO") AND "BRANIFF SUSPENDS FLIGHTS TO PERU AS OF FEBRUARY" ("LA PRENSA"). "LA PRENSA" ALSO PRINTED EDITORIAL UNDER HEADING "AIR SPACE PREPONDERANCE" IN WHICH IT REFERRED TO IMBALANCE IN FREQUENCIES AND TO UNSPECIFIED "RESTRICTIONS" WHICH USG HAS IMPOSED ON AEROPERU. SUCH "RESTRICTIONS" WERE ALSO VAGUELY REFERRED TO ELSEWHERE IN PRESS.

5. AT MID-DAY JANUARY 23, AIR MINISTER GILARDI ALSO MADE STATEMENT ON THE NEGOTIATIONS "IN RESPONSE TO A REPORTER'S  
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QUESTION". (NOTE: CHARGE HAS SINCE JANUARY 21 BEEN SEEKING TO OBTAIN APPOINTMENT WITH GILARDI TO DISCUSS NEGOTIATIONS.) GILARDI RECITED PARITY LINE AND SAID BRANIFF "CAPRICES" HAD REACHED EXTREME OF BLOCKING ACCORD AS OF JANUARY 22. "THEY HAVE BROKEN OFF TALKS AND HAVE LIMITED THEMSELVES TO STATING THAT SINCE PERU DOES NOT WISH TO YIELD TO THEIR PRETENSIONS OF UNEQUAL AND EXORBITANT USUFRUCT, IN THEIR COUNTRY THEY WILL RECOMMEND THAT THEIR GOVERNMENT IMPEDE THE ENTRANCE OF AEROPERU INTO THE US. THE SITUATION IS EVEN MORE ARBITRARY SINCE BRANIFF IS NOTHING BUT A MERE COMPANY, BIG AS IT IS, AND HAS NEITHER VOICE NOR VOTE IN THE USG. CONSEQUENTLY, IF (THE USG SHOULD ADOPT) SUCH AN ATTITUDE, PERU WILL DEFINITELY PERMIT NO OTHER AMERICAN COMPANIES TO ENTER HERE, BECAUSE WE CAN'T BE SUBJECTED TO THIS TYPE OF COLONIALISM AT THIS TIME." ASKED IF TALKS WOULD BE RESUMED AT THE GOVERNMENT-TO-GOVERNMENT LEVEL, GILARDI REPLIED, "WE ARE NOT THE ONES THAT CREATE THE PROBLEMS. WHAT WE WANT IS EQUALITY, AND NO ONE IS GOING TO TRAMPLE ON US." (GILARDI'S REMARKS AS CARRIED IN ALL LIMA NEWSPAPERS TODAY.)

6. IN EFFORT TO ENTER USG VIEWS ON RECORD, EMBASSY ISSUED OWN STATEMENT EVENING JANUARY 23, TEXT OF WHICH WAS REVIEWED WITH BRANIFF REPRESENTATIVES. TEXT IS AS FOLLOWS:

THE EMBASSY OF THE UNITED STATES OF AMERICA BELIEVES THE FOLLOWING INFORMATION MIGHT BE HELPFUL IN UNDERSTANDING THE CIVIL AVIATION DISCUSSIONS NOW GOING ON BETWEEN REPRESENTATIVES OF THE PERUVIAN AND UNITED STATES GOVERNMENTS AND THEIR RESPECTIVE AIRLINES. THE OBJECTIVE OF THE UNITED STATES GOVERNMENT AND OF BRANIFF THROUGHOUT THESE DISCUSSIONS HAS BEEN AND REMAINS TO REACH AN UNDERSTANDING WITH THE GOVERNMENT OF PERU AND AEROPERU WHICH WILL BE MUTUALLY BENEFICIAL TO BOTH PARTIES AND WHICH WILL PERMIT BOTH AIRLINES TO MEET THE GROWING DEMAND FOR AIR TRANSPORT BETWEEN OUR TWO COUNTIRES.

IT CONTINUES FURTHER TO BE THE POSITION OF THE UNITED STATES GOVERNMENT THAT THE BEST MANNER TO ENSURE BRANIFF'S WELFARE IN

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